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Report Highlights:

More on the U.S. Apple Antidumping Duty*Mexico Initiates a Global Safeguard Investigation Against Plywood Imports*Expropriated Sugar Mills Produce More Than Expected*Tamale Feast Held to Protest McDonald's in Oaxaca*Mexico May Be Condemned to Inertial Growth

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

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MORE ON THE U.S. APPLE ANTIDUMPING DUTY

After the announcement that antidumping duties of 46.58-percent were imposed on U.S. Red and Golden Delicious imported apples (see MX2111), and the statement that two U.S. companies were exempt of paying the duty, the Apple Growers Association from Chihuahua indicated that they will fight those companies' exemption. The growers argue that even though the two U.S. companies were not directly involved in unfair trade, that is not enough to guarantee them a preference. The Association will try to talk to the Secretariat of Economy (SE) to have these two companies included in the anti-dumping duty. (Source: *El Financiero*, 08/21/02)

MEXICO INITIATES A GLOBAL SAFEGUARD INVESTIGATION AGAINST PLYWOOD IMPORTS

The Secretariat of Economy (SE) announced on August 15, 2002, in Mexico's *Diario Oficial* (Federal Register), the initiation of an official global safeguard investigation against all plywood imports. The investigation is in response to a petition submitted by the Mexico's National Association of Plywood Producers (ANAFATA). The official announcement did not include the immediate imposition of countervailing duties. At issue is U.S. exports of plywood. Exporters, importers and other interested parties have thirty (30) working days from the publication date of this official announcement, to respond to questionnaires from SE. The period of investigation is from January 1 - December 31, 2001. For further information, see MX 2115. (Source: FAS/Mexico, 8/19/02)

EXPROPRIATED SUGAR MILLS PRODUCE MORE THAN EXPECTED

On Monday, August 19, 2002, a congressional report stated that the nation's 27 expropriated sugar mills performed better in their first year in government hands than when they were privately held, helping to produce a near record harvest. According to a report from the Mexican National Sugar Commission, during the 2001-2002 sugar season, sugar production rose to 4,872,388 MT, 1.6-percent above the preseason industry estimates. Almost a year since the expropriation, total production from nationalized mills stood at 2,299,321 MT, a rise of 12-percent on preseason expectations and higher than each of the two previous harvests, the report said. (Source: *The News*, 8/20/02)

TAMALE FEAST HELD TO PROTEST McDONALD'S IN OAXACA

About 500 people protested the planned opening of a McDonald's restaurant on the main plaza of the southern city of Oaxaca on Sunday, August 18, 2002. Instead of the usual marches and loud protests, the demonstrators placed large tables in the city square and proceeded to eat huge quantities of tamales, a national dish consisting of corn flour and meat wrapped in a cornhusk. The protest was organized by the Cultural Heritage Pro Defense Council (PROAX), which is led by Oaxacan painter Francisco Toledo. In 1989, Oaxaca was declared a Cultural Heritage Site by UNESCO, and some consider the firm's presence in the city to be an insult. "We do not need a symbol of U.S. transnationals in this area where our cultural identity and political institutions are represented," PROAX said. The protestors also complained about the "terrible quality" of the company's food, which they consider detrimental to the people's general health. They also believe McDonald's lacks ecological sensibilities and contributes to the destruction of rainforests in Mexico and Brazil. Local musicians played indigenous songs as a backdrop to the event, while huge paper figures were erected as people shouted, "No to junk food," and, "Yes to Oaxaca's great cooking." Painters, writers, politicians, representatives from the food business, U.S. tourists and the general public participated in the protest. (Source: *The News*, 8/20/02)

MEXICO MAY BE CONDEMNED TO "INERTIAL GROWTH"

In the opinion of a growing number of economic analysts at home and abroad, the Mexican economy may be condemned to "inertial growth" or even no growth at all in the near future, due to the uncertain outlook for the U.S. economy and the failure thus far to enact structural reforms in key areas such as energy, telecommunications and labor. This prospect, which could mean annual growth of about 1.5 or 2 percent in Gross Domestic Product (GDP), contrasts with President Vicente Fox's promise to bring 7-percent GDP growth through wide-ranging, structural reforms to streamline the economy and introduce private capital and competition in key areas. The greatest concern is that Mexico's economy really needs fast growth, as there are more than a million young people entering the job market yearly. Analysts and government figures agree that, due to the recent economic slowdown, job creation is close to 300,000 a year, in addition to the fact that millions of jobs in Mexico are badly paid. The economic troubles of the United States and South America are almost certain to have a contagion effect on Mexico. "I would be inclined to say the Mexican economy, at best, is likely to stagnate," Alejandro Dieck, consultant at *Asesoría Estratégica Económica*, was quoted as saying recently in the local press. International banks and brokerages, such as Merrill Lynch, Fitch and Citibank-Banamex, are encouraged by the turnaround in the local economy in the second quarter of 2002, after three negative quarters, yet warn growth estimates for Mexico may be downgraded in line with U.S. prospects. Merrill Lynch currently is forecasting 1.74-percent GDP growth for the full year, while Citibank-Banamex's estimate is 1.9 percent. (Source: *The News*, 8/19/02)

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY

REPORT #	TITLE	DATE
MX2112	Weekly Highlights & Hot Bites, Issue #26	8/16/02
MX2113	Pork Imports From the U.S. Exceed 2002 Safeguard	8/16/02
MX2114	Pecan Annual Report	8/16/02
MX2115	Mexico Initiates a Global Safeguard Investigation Against Plywood Imports	8/16/02

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